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Where'd the bailout money go? Shh, it's a secret Banks unable or unwilling to disclose how they're spending billions in aid

Associated Press

updated 10:31 a.m. PT, Mon., Dec. 22, 2008

WASHINGTON - It's something any bank would demand to know before handing out a loan: Where's the money going?

But after receiving billions in aid from U.S. taxpayers, the nation's largest banks say they can't track exactly how they're spending the money or they simply refuse to discuss it.

"We've lent some of it. We've not lent some of it. We've not given any accounting of, 'Here's how we're doing it,'" said Thomas Kelly, a spokesman for JPMorgan Chase, which received \$25 billion in emergency bailout money. "We have not disclosed that to the public. We're declining to."

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The Associated Press contacted 21 banks that received at least \$1 billion in government money and asked four questions: How much has been spent? What was it spent on? How much is being held in savings, and what's the plan for the rest?

None of the banks provided specific answers.

"We're not providing dollar-in, dollar-out tracking," said Barry Koling, a spokesman for Atlanta, Ga.-based SunTrust Banks Inc., which got \$3.5 billion in taxpayer dollars.

Some banks said they simply didn't know where the money was going.

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"We manage our capital in its aggregate," said Regions [Financial](#) Corp. spokesman Tim Deighton, who said the Birmingham, Ala.-based company is not tracking how it is spending the \$3.5 billion it received as part of the financial bailout.

No strings attached

The answers highlight the secrecy surrounding the Troubled Asset Relief Program, which earmarked \$700 billion — about the size of the Netherlands' economy — to help rescue the financial industry. The Treasury Department has been using the money to buy stock in U.S. banks, hoping that the sudden inflow of cash will get banks to start lending money.



Charles Dharapak / AP

"It is entirely appropriate for the American people to know how their taxpayer dollars are being spent in private industry," said Elizabeth Warren, the top congressional watchdog overseeing the financial bailout.

There has been no accounting of how banks spend that money. Lawmakers summoned bank executives to Capitol Hill last month and implored them to lend the money — not to hoard it or spend it on corporate bonuses, junkets or to buy other banks. But there is no [process](#) in place to make sure that's happening and there are no consequences for banks who don't comply.

"It is entirely appropriate for the American people to know how their taxpayer dollars are being spent in private industry," said Elizabeth Warren, the top congressional watchdog overseeing the financial bailout.

But, at least for now, there's no way for taxpayers to find that out.

Pressured by the Bush administration to approve the money quickly, Congress attached nearly no strings on the \$700 billion bailout in October. And the Treasury Department, which doles out the money, never asked banks how it would be spent.

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"Those are legitimate questions that should have been asked on Day One," said Rep. Scott Garrett, R-N.J., a House Financial Services Committee member who opposed the bailout as it was rushed through Congress. "Where is the money going to go to? How is it going to be spent? When are we going to get a record on it?"

CONTINUED : Some banks say money can't be tracked

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